

Self-employed Work in Northeast China County Regions: From Traditional Workers to Store Owners

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Abstract: Northeast China has experienced economic and industrial transformation, especially in the county regions. More and more self-employers are arising in the Northeast County regions. After the reform and marketization, the stable working space once constructed by the national capital quickly lost its advantage and disappeared. Now there is nearly no industry in most counties of Northeast China, so laid-off workers who stay there are widely forced to employ themselves in self-owned businesses. They are using small family capital to create new working spaces in the store, and at the same time create new ways of working and social relationships. The new working and living spaces are highly embedded into each other, which means an integration of store and family. Their daily life, family, and social relations are all closely connected with working. They are also continuously reproducing a stable structure of working and living by intergenerational succession.

Keywords: Working space; County area; State force; Capital; Daily life

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1. Introduction

Northeast China was one of the most industrialized regions in China, however, it has been facing a challenging situation of industry and economic decline since the 1990s. The changes are influenced by the economic and social transition. In the period of planned economy, national power created a wide state-owned factory working space. After the reform and marketization, the state-owned factories quickly lost their advantage and disappeared. Many workers lost their jobs. The reform has made even bigger differences in the counties, as the counties have less advantage in the process of marketization and can't attract capital from the market. Now there is nearly no industry in most Northeast China counties. Large numbers of people choose to migrate, but people who remain there are still facing industrial decline and insufficient markets, so they employ themselves in self-owned businesses. This article focuses on self-employment after the transition in Northeast China by taking N County as the study case. N county is in Heilongjiang Province, covering an area of 7924 km² with

a population of 320,000. It once had stable industrial works and a lot of workers. But now the common way to make a living is self-employment. Using a qualitative method, 45 people who were once laid-off and now engaged in self-employed stores were interviewed from 2020 to 2022. Researchers also participated in the work and daily life of the workers to get a more comprehensive grasp of them.

2. Literature review

Self-employment workers and the traditional working class are different but also closely linked with each other. More and more traditional workers today are turned into self-employed workers. The effect of “push” and “pull” is the driving factor for choosing to enter self-employment. “Pull” mainly shows the positive aspect that attracts people to enter self-employment ^[1]. But for the unstable self-employed at the bottom, the power of “pushing” is more obvious, which means that workers are not voluntary, but forced to choose to enter self-employment ^[2]. The most direct driving force of the pushing factor is unemployment. People tend to take self-employment as an alternative strategy to unemployment ^[3]. A high unemployment rate will prompt more people to choose to enter self-employment ^[4]. The growth of self-employment is a response to economic pressure and a response to crisis and poverty.

In addition, people tend to be self-employed not just because they don’t have a job, but because there is a lack of good jobs ^[5]. This is due to the incomplete adjustment of structural changes in the economy and the reduction of good job opportunities ^[6]. The economic structure in developed countries has brought about changes, large enterprises have reduced their business scale through various forms, such as establishing more small factories, franchising, and subcontracting, creating more opportunities for small and medium-sized enterprises ^[7]. With the growth of the position of small enterprises, the employment relationship is changing ^[8]. In recent years, the employment of high-income core industries and public sectors has declined. Employment growth is mainly concentrated in the service sector with low barriers to entry. Self-employment emerged in the background of the labor market problems. When workers cannot find good job opportunities in the labor market, they will be more likely to become self-employed ^[9].

The pushing factor of self-employment is not only in the economy but also in the political aspect, including the national power and policy environment. At the end of the last century, socialist countries rapidly changed their economic form to a market economy, which is called the “second great transformation” corresponding to the “great transformation” ^[10]. This rapid liberalization has created new opportunities for entrepreneurship but also caused a severe recession of the collapse of state-owned industry. The economic reform and the privatization of enterprises have led to large-scale layoffs. People are experiencing unemployment and unstable jobs. Self-employment is almost the last way of survival ^[11]. The pushing effect comes from the joint effect of economic and market forces, national forces, social culture, and personal characteristics, which has led to the transformation from traditional workers to self-employed workers.

3. The changing process from traditional workers to self-employed store owners

3.1. As traditional workers in the state-owned factory

The rise of Northeast China is a result of national force and national capital. During the period of planned economy, millions of educated young people and cadres responded to the call of the state to come to build the Northeast. Many local urban laborers were placed in the factory space by the national power, which deeply shaped the socialist working class. According to different types of products and technological processes, factories were divided into different parts of different positions and workshops, forming a complete set of

assembly lines from raw material to producing and selling. Each worker is fixed in their job, with a clear division of labor and performing their duties. In just less than 30 years, N County has promoted the great process of industrialization and urbanization and entered its period of factory. In 1959, the state-owned leather factory was first established in N county, and then various factories were established after. By the 1970s and 1980s, there were a lot of state-owned factories in the light industry, such as leather factories, paper factories, sugar factories, shoe factories, light bulb factories, and so on. As a former agricultural county, N County has built a considerable number of industrial bases by the end of the 1990s. By 2005, the composition of the three industries in N county had been adjusted to 31.4:34.2:34.4. So far, N county has accelerated the transformation from “first-second-third” to “third-second-first” of the industrial structure.

3.2. Disappearance of the previous work

With the entry of the market and the withdrawal of national capital, factories in N County began to reform their management system. In 1996, the government carried out a complete policy to reform the state-owned enterprises to establish a modern enterprise system. Under the policy of “invigorate large enterprises while relaxing control over small ones”, the factories in N county had to take a more active way to reform. People had to compete in the labor market rather than take over the job from their parents as before. Besides, the original wage standard is no longer used. Workers’ income was counted by piece and amount. What’s more, the administrative level and title of the managers were canceled. The enterprise was no longer related to politics and became an economic organization. State-owned enterprises have turned into private enterprises by selling enterprise property rights to the individual, selling them to other units or real-estate developers locally, or selling them to large enterprises in other places. During the planning period, the state would arrange the plan for factory production. However, after the marketization, enterprises made profits through market competition. The sales volume of factories in N county is poor and it is difficult to survive in the market. The debt ratio is quite serious, and they could not maintain production at all. By the early 21st century, all industrial enterprises in N county were bankrupted and closed.

3.3. Finding new jobs: using the way of self-employment

Laid-off workers felt at a loss about the market life they would face. Many workers were laid off at the same time. They had their children and the elderly who needed to be taken care of, but they lost their financial resources suddenly. They described themselves as struggling on a cliff and worrying about falling. Under the condition of the absence of employment opportunities, and the urgent need to solve the livelihood problem, self-employment becomes the first choice. The capital of self-employed is very small, which is invested by the whole family for their production and operation. Most businesses they engage in are easy to enter, low in the threshold, and show a large demand in daily life. The place of work is their own store. The materials of production and operation are purchased and supplied by themselves. Also, the benefit and income from working is owned by themselves. Large numbers of laid-off workers in N county became self-employed store owners from the late 1990s until now. By 2019, the proportion of the added value of the primary, secondary, and tertiary industrial structure was 49.4:6.6:44. There are nearly no factories and industrial production in the urban area of the county. The economic growth mainly comes from the retail business driven by the consumption of the tertiary industry.

4. The self-employed work in Northeast China county regions

Such self-employed workers are very different from the traditional salaried workers that they used to be. Firstly,

their employment and output are determined by the demand for goods and services, not their labor force. Self-employed work makes it difficult to distinguish between those who have the means of production and those who provide labor, as they have the means of production and provide labor at the same time. Secondly, self-employed workers are not in an employment relationship. “Employment relationship” has always been the core legal concept of labor law. Many policymakers, stakeholders, trade unions, and other workers do not consider them as workers, and they often do not consider themselves as workers. Self-employed workers have multiple identities and is difficult to organize around a single identity. Workers usually engage in a variety of activities and have diverse roles, for example, purchase supplies and raw materials, get premises and equipment, sell goods and services, and negotiate with one or more departments, which makes things more complex. Thirdly, self-employed people often do not work in standard workplaces such as companies or factories, but in private houses. The unbounded nature of time and space is a significant feature of self-employment. After industrialization, the connection between work and family life has been separated. However, self-employment is a new trend of returning home to work ^[12]. Finally, self-employment often does not have workers’ welfare or social security, and the income is usually low.

4.1. Work and daily life in the store

After becoming a self-employed store owner, a worker’s daily life is centered on the workplace. Confined to a room, they rarely go out. Their daily activities are constantly switched between work and family. All activities in daily life are closely linked to work. Early in the morning, people wake up in the store. The first thing after they wake up is to open the door and do business. It is difficult for workers to have pure leisure or entertainment time. All life is tied to business. They can relax when they are free in the store, and they may not even care about eating and resting when they are busy. Although the business hours are completely self-determined, it is easy to lose customers to take a break early every day, so store owners must stay up late at night before closing. The hotels would even stay open every day. The store owner and their spouse would take turns to sleep at the front desk at night. The life of workers has gradually been compressed into only work and some basic activities, completely centered on work. Workers are used to doing a lot of things at the same time, including looking at the stew in the kitchen, greeting customers to answer customers’ questions, picking up goods and collecting money quickly, and staring at the children who are slowly doing their homework at the table.

4.2. Embedding of working relationship and social relationship

Most stores are based on the family. Husband and wife always set up stores together. This is a way to improve efficiency and reduce costs. Influenced by the traditional culture, husbands dominate the economic activities in most families. Husbands are more responsible for contacting customers and making plans, while wives are more responsible for specific work. Women spend more time in housework and taking care of children and the elderly. They are not only the “worker”, but also the housewife in the family. In a few cases, women will also open stores by themselves. Stores need material resources and an economic basis for families, at the same time become an important way to maintain the existence of families. Family relations are deeply embedded in the economic relationship. This primary relationship is more closely linked and has strong constraints. Workers are always in the motivation by hard work. The enthusiasm and efficiency are improved. Otherwise, it will be hard to open a store to make a living. Sometimes they are in conflict, but divorce and separation are not worth it, making this family’s economic form more stable.

The business process is also influenced by the relationships. In the sales process, the most important customer is the acquaintance, known as a repeat customer. The number of repeat customers maintained

through the social relationship of acquaintances can account for 70% of total customers. It can be said that repeat customers determine the success or failure of the self-employed business. The most important thing in store management is not to open new markets, but to maintain the existing customers. The most important business strategy is to remember and meet the needs of familiar customers. For example, a clothing store owner not only needs to introduce clothes but also needs to understand the minds of customers. The boss needs to observe the customer's actions and expressions, which will show the customer's preferences. It's very important to remember every familiar customer's preference in detail, let everyone feel that they are special and remembered, and let strangers become familiar and familiar customers become even more familiar.

4.3. The reproduction of the shop-home structure

A considerable number of children choose to take over the business from their parents after growing up. The reason comes from both the external environment and their internal structure. On the one hand, the cost of living outside is too high. Many young people will choose to go back to their hometown if they cannot survive after working outside for several years. Except for a few young people who rely on their ability to achieve their goals, most families living on self-employment usually lack in capital to support their children in big cities. On the other hand, the characteristics of family business also make it possible for children to inherit their family's business. Children grew up in the store, and their experience and daily life are closely related to the store. They watched their parents do business from childhood and helped their families in their spare time. They are very familiar with the work of the store. Acquaintances who are crucial to the store are also friends and neighbors who watched children grow up. They will also become constant acquaintances after the children take over the store. The second generation has completely copied and continued the mode of their parents in their work and life, repeating the business of purchasing, placing, and selling goods day after day, spending a lifetime in the store space and cultivating the next generation. Although this self-employed work is often considered unstable, it still forms a relatively stable structure.

5. Conclusion

Since the reform and opening-up, large numbers of self-employed workers have appeared in China, especially in the Northeast County regions. A considerable number of self-employed workers are forced to enter self-employment because of the disadvantage in the labor market. They are always struggling for a living, lack security, and are more likely to be unstable workers. Self-employment is strongly related to the traditional workers. Today, more self-employment seems to have originated from the working class. Most laid-off workers in Northeast China counties have to employ themselves in self-owned businesses. They are using small family capital to create new working spaces in the store and, at the same time create new ways of working and social relationships. The new working and living spaces are highly embedded into each other, which means an integration of store and family. It is because their daily life, family, and social relations are all closely connected with working, that they can develop a stable form of self-employment. Furthermore, they are also continuously reproducing a similar structure of working and living by intergenerational succession. The rise of self-employment reflects the labor foundation is changing. A broader perspective should be used to understand the complexity of today's class structure and to re-understand the social structure of China in the new stage.

Disclosure statement

The authors declare no conflict of interest.

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